

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6611

BILL NUMBER: SB 149

NOTE PREPARED: Jan 22, 2004

BILL AMENDED: Jan 15, 2004

SUBJECT: Borrowing for Local Public Works.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a political subdivision to borrow money to finance a public work project costing not more than \$2,000,000 by issuing a note to a financial institution.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Currently, political subdivisions may issue bonds to finance public works projects but may not issue negotiable notes. This bill would allow municipalities to finance public work projects costing no more than \$2 M by executing a negotiable note with a financial institution in Indiana.

Municipalities may be able to save expenses related to holding a bond sale if one is not required under this bill. Holding a bond sale usually requires certain fixed expenditures, such as having a third party financial advisor involved in the issuing process, which could keep bond issues for such small projects from being cost effective.

The bill also includes a remonstrance process that allows tax payers to petition the negotiable note.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Political Subdivisions.

Information Sources:

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